Distr.
GENERAL

GC.5/19
22 September 1993

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Fifth session
Yaoundé, 6-10 December 1993
Item 12 (a) of the provisional agenda

POLICY MANAGEMENT: EVALUATION ACTIVITIES OF UNIDO

Report by the Director-General

Summary

In compliance with paragraph 5 (c) of General Conference resolution GC.4/Res.16, reports on the implementation of that resolution, in particular arrangements for future financing of evaluations, strengthening of Evaluation Staff and steps initiated for in-depth evaluation of trust fund programmes.

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Introduction

1. The importance of evaluation as an essential element in ensuring that the central objectives of the Organization are met was most recently reiterated by the General Conference at its fourth session in resolution GC.4/Res.16. In the same resolution the Conference gave the Director-General a number of specific mandates, the status of implementation of which has in some cases been covered in subsequent reports to the policy-making organs. The present document should therefore be read in conjunction with those documents, reference to which is made in the respective portions of the present report.

I. STATUS OF IN-DEPTH EVALUATIONS OF HEADQUARTERS PROGRAMMES (GC.4/Res.16, para. 1 (a))

2. At the time the General Conference adopted resolution GC.4/Res.16, three of the in-depth evaluations of headquarters programmes requested by the Board in decision IDB.5/Dec.12 had not been completed. The following paragraphs constitute a status report on those evaluations.

Industrial human resource development

3. The evaluation was completed and made available to the Board at its eleventh session. A summary of the evaluation was submitted to the

V.93 88787 6117E

Distr.: 28 September 1993

same session (IDB.11/CRP.3). In its decision IDB.11/Dec.3, the Board took note with appreciation of the in-depth evaluation report and recognized the strategic importance of industrial human resource development as it is interrelated with other elements. Furthermore, the Board urged the Director-General to coordinate the various human resource development-related activities and programmes in industrial development sectors on the basis of an integrated thematic approach, based on the three themes suggested by the evaluation report, namely: employment and manpower development, science and technology and social issues. In compliance with paragraph (g) of the Board decision, further consideration was given to the subject in the review of the programmes and structure of UNIDO, which will be reflected in the Director-General's proposals for priorities and structural reforms of UNIDO being presented to the resumed eleventh session of the Board.

Development and transfer of technology

4. As reported in document GC.5/10, paragraph 173, a modest beginning was made in 1992 to undertake the evaluation. The preliminary investigations in 1992 were undertaken with the assistance of an external consultant, and relevant activities were resumed in the second quarter of 1993. In view of the breadth of the subject, detailed desk reviews are being undertaken to establish a set of valid definitions and concepts. Based on evolving trends and requirements, a summary of key issues pertaining to the subject matter will be developed to guide the evaluation team in assessing the relevance and significance of UNIDO's mandates, programmes and activities. Subsequently, an evaluation of its operational activities will be carried out. Also in document GC.5/10, the Director-General reported that approximately $250,000 would be required for consultants and travel over a period of one and one-half years - once resources were available - to complete the evaluation. While the majority of work is being undertaken by the Evaluation Staff, supplementary consultancy and travel funds are still required from extrabudgetary resources in order to obtain specialized expertise and undertake field investigations on the impact of the programme activities.

Special trust fund projects

5. Since special trust funds represent an alternative technical cooperation funding mechanism for a wide variety of technical cooperation activities, an in-depth evaluation of representative samples of such projects is being undertaken. That evaluation is being carried out in accordance with UNIDO's established policies and procedures, as specified in Director-General's Bulletin UNIDO/DG/B.106 and illustrated in document GC.4/30. Evaluation plans for selected projects were negotiated and agreed with a number of donors and beneficiaries. In-depth evaluations have been or are being carried out on projects financed by Denmark, Japan and Nigeria. In addition, desk studies have been prepared for a number of smaller projects. At the same time, statistical data are being collected and analysed to obtain an overview of the overall breadth and magnitude of projects financed under special trust fund arrangements. A summary of all these investigations is expected to be completed in the first quarter of 1994. Whether further evaluation work will be needed to meet the requirements of the policy-making organs in that respect will be determined during the preparation of the summary report.

II. IMPLEMENTATION OF EVALUATION RECOMMENDATIONS (GC.4/Res.16, para. 1 (b))

6. In paragraph 1 (b) of resolution GC.4/Res.16, the General Conference requested the Director-General to ensure the full implementation of in-depth evaluation recommendations within two years of the completion of an evaluation and to report on the actions taken thereon. Two evaluations now fall under this category: those on the System of Consultations and on investment promotion activities. For a report on the follow-up of those two evaluations, see chapter IV below.

7. To ensure a more systematic and transparent implementation of recommendations of in-depth headquarters programme evaluations, the Evaluation Staff has developed a draft report format that summarizes:

(a) Recommendations made;

(b) Position of UNIDO's management vis-à-vis those recommendations;

(c) Decisions taken by management and policy-making organs;

(d) Status after two years.

8. The eventual use of such a format will systematize the follow-up to recommendations, particularly those that were accepted and that are under implementation. Reporting after two years will thereby become more transparent and comprehensive. In improving the system further, a mechanism will need to be developed to fulfil the Member States' request that an assessment be made of the impact of the application of evaluation recommendations as requested in paragraph 1 (c) of resolution GC.4/Res.16 (see chap. III below).

III. IMPACT ON INDUSTRIAL DEVELOPMENT IN DEVELOPING COUNTRIES (GC.4/Res.16, para. 1 (c))

9. All evaluations consider the impact (significance) on industrial development of the Organization's activities as one of the main criteria against which programmes and projects are rated. Moreover, evaluations themselves can have an impact on industrial development insofar as they are oriented to enhancing the Organization's effectiveness. The realization of such organizational effectiveness is the responsibility of executive management based on the recommendations of evaluations. Follow-up should remain outside evaluation work in order to avoid conflict of interest. In response to various decisions and resolutions of the policy-making organs, management has been reporting on programme improvements based on evaluation recommendations (see chap. IV below).

10. Impact will necessarily depend on the extent to which UNIDO accepts and implements evaluation

recommendations and whether revised activities bring about improved relevance and sustainability of benefits. Further analysis would be required to measure that extent.

IV. ASSESSMENT OF IMPLEMENTATION OF RECOMMENDATIONS OF IN-DEPTH EVALUATIONS AND THEIR IMPACT (GC.4/Res.16, para. 1 (d))

System of Consultations

11. In his report to the Board at its ninth session on measures to enhance the System of Consultations (IDB.9/14), the Director-General reported on the implementation and impact of the evaluation of the System of Consultations. In response to that report, the Board requested the Director-General to carry out a number of specific measures designed to enhance the efficiency and effectiveness of the System of Consultations (IDB.9/Dec.9). Further information on the implementation of recommendations of the evaluation is provided in the Annual Report of UNIDO, 1992 (IDB.11/10, chap. 4.A) and in document GC.5/10 (paras. 113-123).

Industrial investment promotion activities

12. In response to resolution GC.4/Res.17, paragraph 3 (g), the implementation of the recommendations of the evaluation of UNIDO's investment promotion activities was reported on in document IDB.9/7, paragraphs 23 to 44, and in the Annual Report of UNIDO, 1992 (IDB.11/10, chap.IV.A).

V. FINANCING OF IN-DEPTH HEADQUARTERS PROGRAMME EVALUATIONS (GC.4/Res.16, para. 2)

13. In-depth evaluations of headquarters programmes are mostly carried out by the Evaluation Staff of UNIDO as part of their regular activities. However, additional financing is required for field investigations, for visits to multi- and bilateral organizations in industrialized countries in order to discuss policies and programme complementarities and for specialized consultants. The regular budget allocation of the Evaluation Staff for this purpose (travel and consulting) amounts to $28,300 for the biennium 1992-1993.

14. Extrabudgetary requirements for previous headquarters programme evaluations were financed as follows:

Programme	Source of funds	Amount in US$
System of Consultations	Netherlands	45,382
Investment promotion	Germany/Switzerland	30,000/45,000
Economic and technical cooperation among developing countries	Regular budget	40,000
Human resource development	Germany (including former German Democratic Republic)	330,580
Special trust funds	Denmark	32,000
	Japan	120,176
	Nigeria	11,930

15. UNIDO appreciates the generous support of the donors listed below, without which it would not have been possible to meet the financing requirements of in-depth headquarters programme evaluations.

16. Programme evaluations should be considered as an integral part of the programme cycle - a practice already well established for in-depth project evaluations. Programme evaluations, therefore, should be planned and budgeted for at design and approval stage, as is the case in project evaluations.

17. However, in the case of those programmes for which the Board requested evaluations in its decision IDB.5/Dec.12, no financial provisions had been made in the respective programme and budgets. In view of the prevailing zero-growth budgets resource reallocations for in-depth evaluations could not be accommodated under the regular budget and had to be referred to special contributions under the Industrial Development Fund.

18. An alternative strategy would be to establish an umbrella project covering a range of headquarters programme evaluations rather than negotiating the funding of individual evaluations on a case-by-case basis. That approach would increase flexibility and autonomy for carrying out evaluations as well as ensure that those exercises are undertaken smoothly and without delay. Contributions from various Member States could be invited for that purpose. The Evaluation Staff would manage and report on the utilization of funds under such an umbrella project. Such an arrangement would help ensure that evaluations be carried out in a properly phased and timely manner.

VI. STRENGTHENING OF THE EVALUATION STAFF (GC.4/Res.16, para. 5 (c))

19. The Evaluation Staff has been strengthened with one additional Professional post, which was filled in August 1993. In addition, the position of the Head has been upgraded from P-5 to D-1. The unit is now operating satisfactorily at the capacity indicated in the approved programme and budgets for 1992-1993 (GC.4/42).

VII. ACTION REQUIRED OF THE CONFERENCE

20. The Conference may wish to take note of the information contained in the present document and to provide guidance on the options outlined in chapter V.